



State of Illinois
Department of Insurance

Workers' Compensation
Oversight Report
2022

Pursuant to 820 ILCS 305/29.2 (a)

JB Pritzker
Governor

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Introduction

The Illinois Workers' Compensation Act [820 ILCS 305/29.2(a)] requires the Department of Insurance (the Department) to annually submit a written report detailing the state of the workers' compensation insurance market in Illinois to: the Governor, the Chairman of the Workers' Compensation Commission, the President of the Senate, the Speaker of the House of Representatives, the Minority Leader of the Senate, and the Minority Leader of the House of Representatives.

This report is based on calendar year 2021 data from the National Council on Compensation Insurance (NCCI) and the National Association of Insurance Commissioners (NAIC).

Market Summary

Countrywide Market Overview

Illinois insurance companies wrote over \$2.28 billion in workers' compensation insurance premium during 2021. Illinois had the 3rd most workers' compensation insurers in 2021, with 358 insurance companies actively engaged in the market. Illinois ranked sixth in direct premium written, comprising 4.37 percent of the countrywide market.

Top 10 States by Company (Positive Direct Premium Written)

State	Number of Insurance Companies
1. Pennsylvania	361
2. Georgia	361
3. Illinois	358
4. Tennessee	354
5. Indiana	352
6. Virginia	344
7. N. Carolina	333
8. S. Carolina	325
9. Arizona	319
10. Iowa	317

Source: NAIC

Top 10 States by Premium (Positive Direct Premium Written)

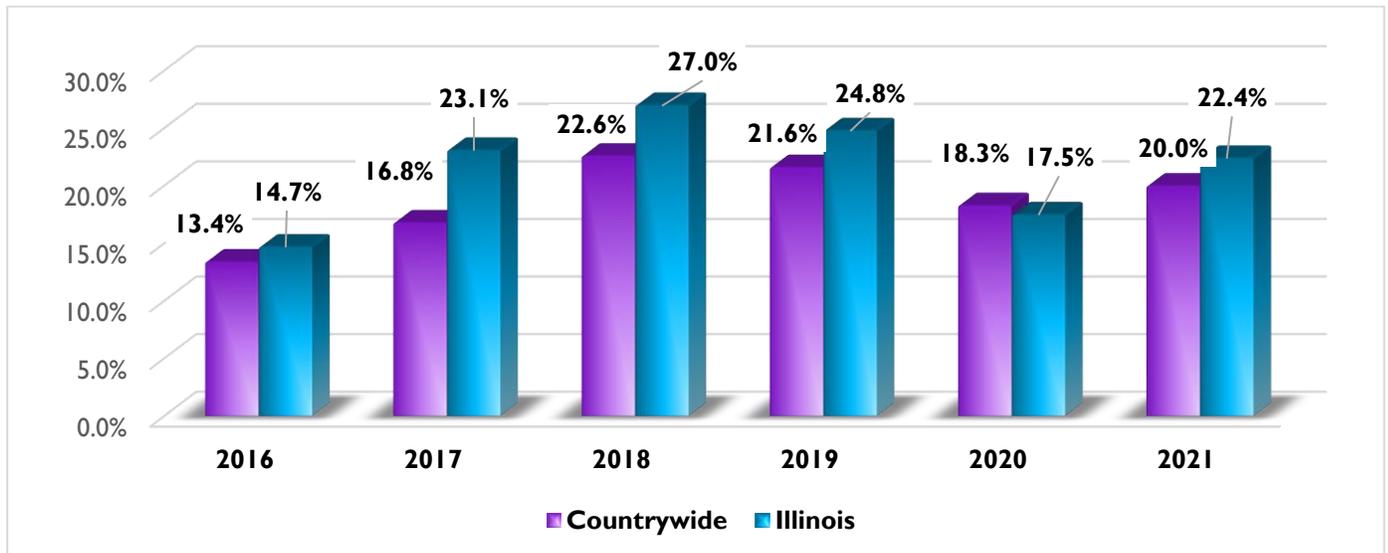
State	Direct Written Premium	Market Share
1. California	\$10,406,443,960	19.91%
2. New York	\$4,873,869,909	9.33%
3. Florida	\$2,916,564,736	5.58%
4. Pennsylvania	\$2,345,245,842	4.49%
5. New Jersey	\$2,291,293,256	4.38%
6. Illinois	\$2,282,196,818	4.37%
7. Texas	\$2,229,072,710	4.27%
8. Wisconsin	\$1,815,068,026	3.47%
9. Georgia	\$1,698,527,177	3.25%
10. N. Carolina	\$1,325,966,195	2.54%
Countrywide Total*	\$52,263,146,733	

* Includes Canada and US Territories

Source: NAIC

Profitability

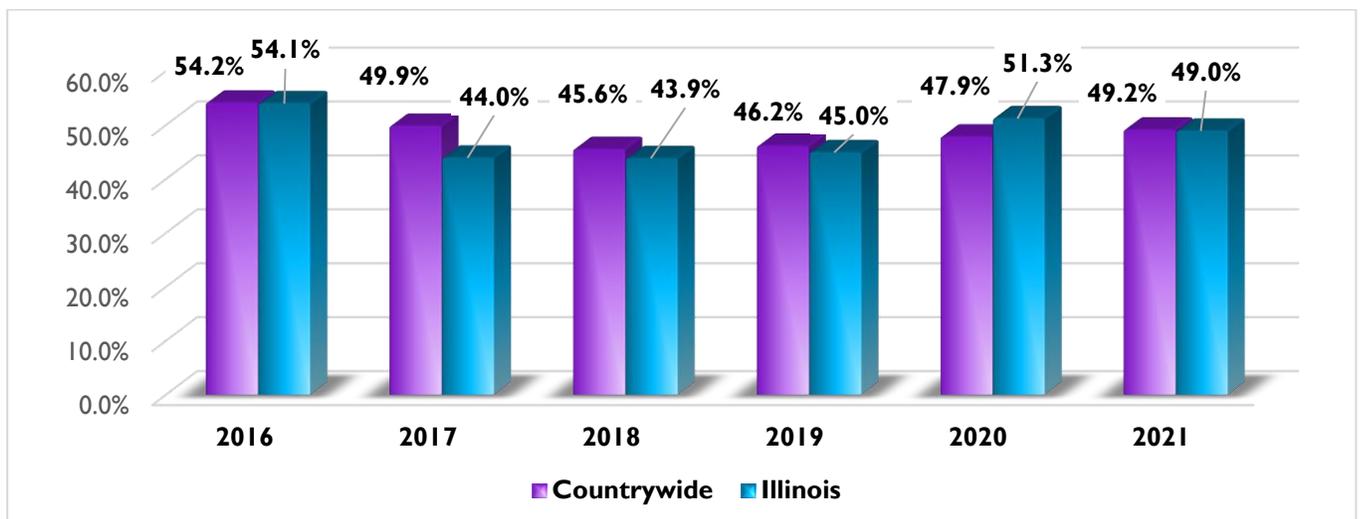
According to the NAIC, the workers' compensation market profits increased nationally by 1.7 percentage points, and profits within Illinois increased by 4.9 percentage points from 2020 to 2021. Illinois ranked 21st countrywide based on profitability of workers' compensation insurers.



Source: NAIC Report on Profitability by Line by State in 2021
 Ranking Excludes Guam, Puerto Rico, U.S. Virgin Islands, N. Mariana Islands, American Samoa

Loss Ratio

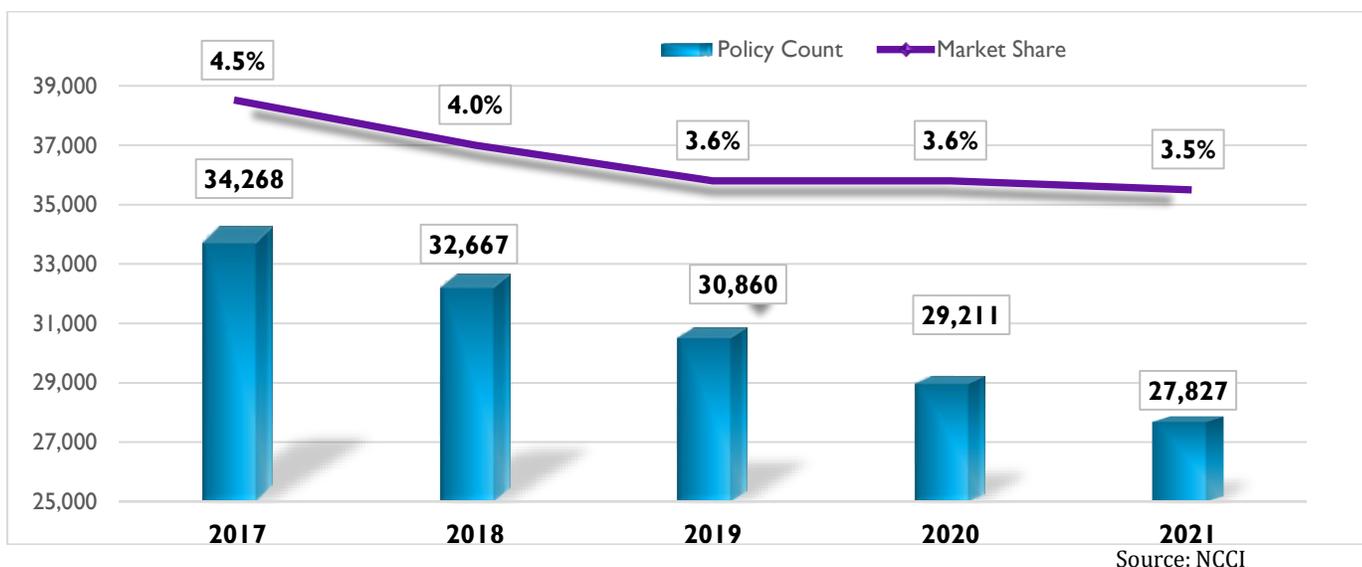
Generally, NAIC data indicates the loss ratio for the workers' compensation market in Illinois and countrywide is trending downward. Historically, Illinois loss ratios have been slightly below the countrywide loss ratio, except for calendar year 2020. The 2021 loss ratio in Illinois is 49.0 percent and is once again slightly less than the countrywide average of 49.2 percent. Illinois ranked 22nd countrywide based on loss ratio of workers' compensation insurers. The loss ratios reflect incurred losses divided by direct earned premiums.



Source: NAIC Report on Profitability by Line by State in 2021
 Ranking Excludes Guam, Puerto Rico, U.S. Virgin Islands, N. Mariana Islands, American Samoa

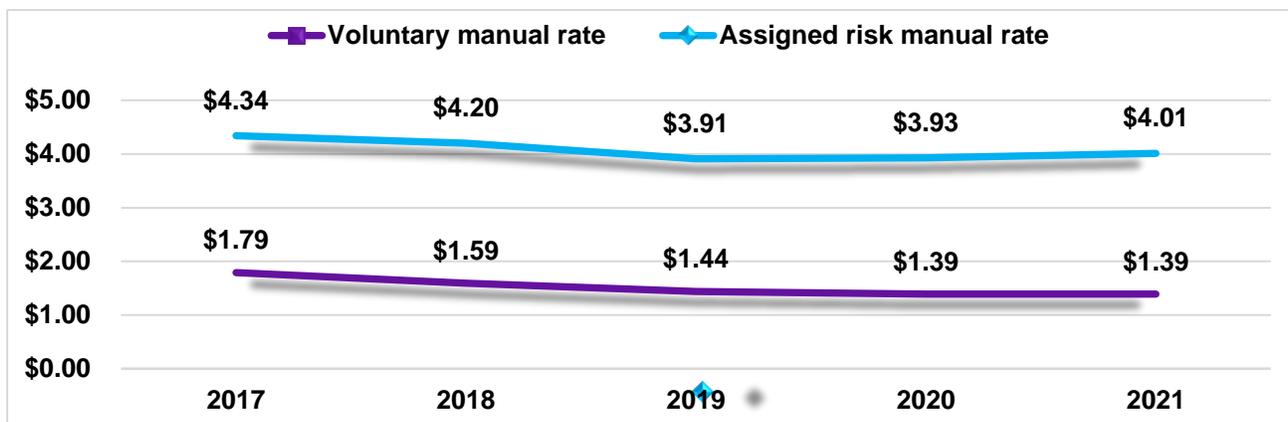
Assigned Risk Market in Illinois

Employers that cannot obtain insurance through the voluntary insurance market may obtain coverage through the assigned risk market. According to NCCI, the total number of assigned risk plan policies effective in 2021 was 27,827. The preliminary assigned risk market share, defined as the percentage of assigned risk premium to total direct written premium, was 3.5 percent for calendar year 2021. The assigned risk policy count decreased in 2021, and the market share decreased from 3.6 percent in 2020 to 3.5 percent in 2021.



Premium Rate for Workers' Compensation

The estimated average manual rate for policies effective in 2021 is \$1.39 for the voluntary market and \$4.01 for the assigned risk market. The voluntary manual rate remained the same, at \$1.39 for 2020 and 2021. However, the assigned risk manual rate increased slightly from \$3.93 in 2020 to \$4.01 in 2021.* These estimates are calculated using a weighted average of NCCI rates effective in 2021, based on Illinois payroll. The latest available payroll weighting was based on policies effective between April 1, 2017 and March 31, 2018.



***Notice Revision:** The chart above reflects NCCI revised data on the estimated average manual rate for the voluntary/assigned risk markets. This information was received by the Illinois Department of Insurance in 2021, after NCCI discovered and corrected an internal calculation error. Revisions affect estimated averages from years 2012 to 2021. However, the chart above shows only the past 5 years' worth of revised data.

Attorney Representation

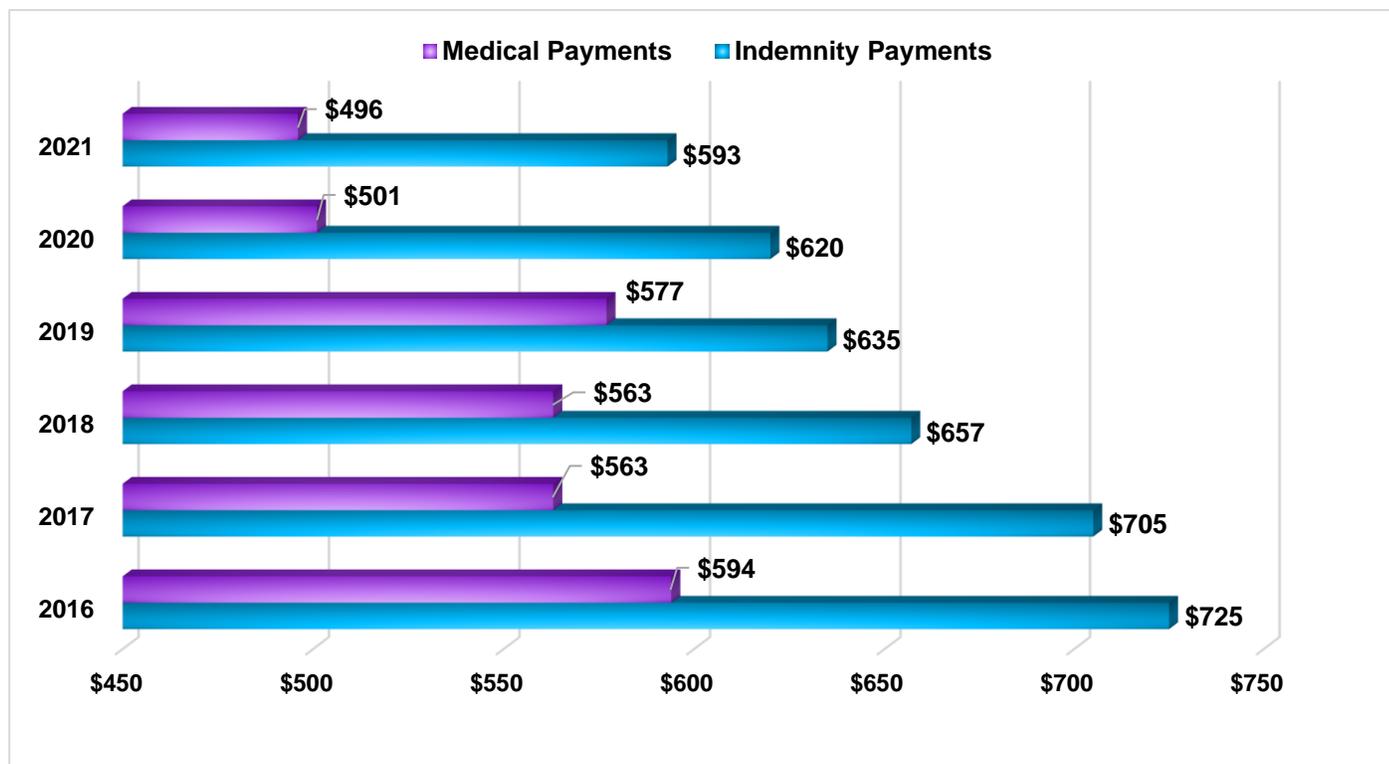
The percentage of injured workers filing claims at the Workers' Compensation Commission that are represented by an attorney and the total amount paid by injured workers for attorney representation are not available. This data cannot be collected, accurately calculated and analyzed for the overall market for the 2021 calendar year.

Indemnity & Medical Payments

Workers' compensation insurers affiliated with NCCI made approximately \$593 million in total indemnity payments, and approximately \$496 million in medical payments. The Illinois national rank based on average cost of medical claims per injured worker is unavailable.

The following graph is based on the NCCI Financial Call data, as reported by carriers reporting to NCCI on policies effective in 2021 and prior, for transactions occurring through December 31, 2021.

The information excludes data for large deductible policies; self-insureds; underground coal mine and federal classes; excess policies; maritime and FELA classes for policies effective January 1, 2003 and subsequent; National Defense Projects Rating Plan; and reinsurance assumed from another carrier.



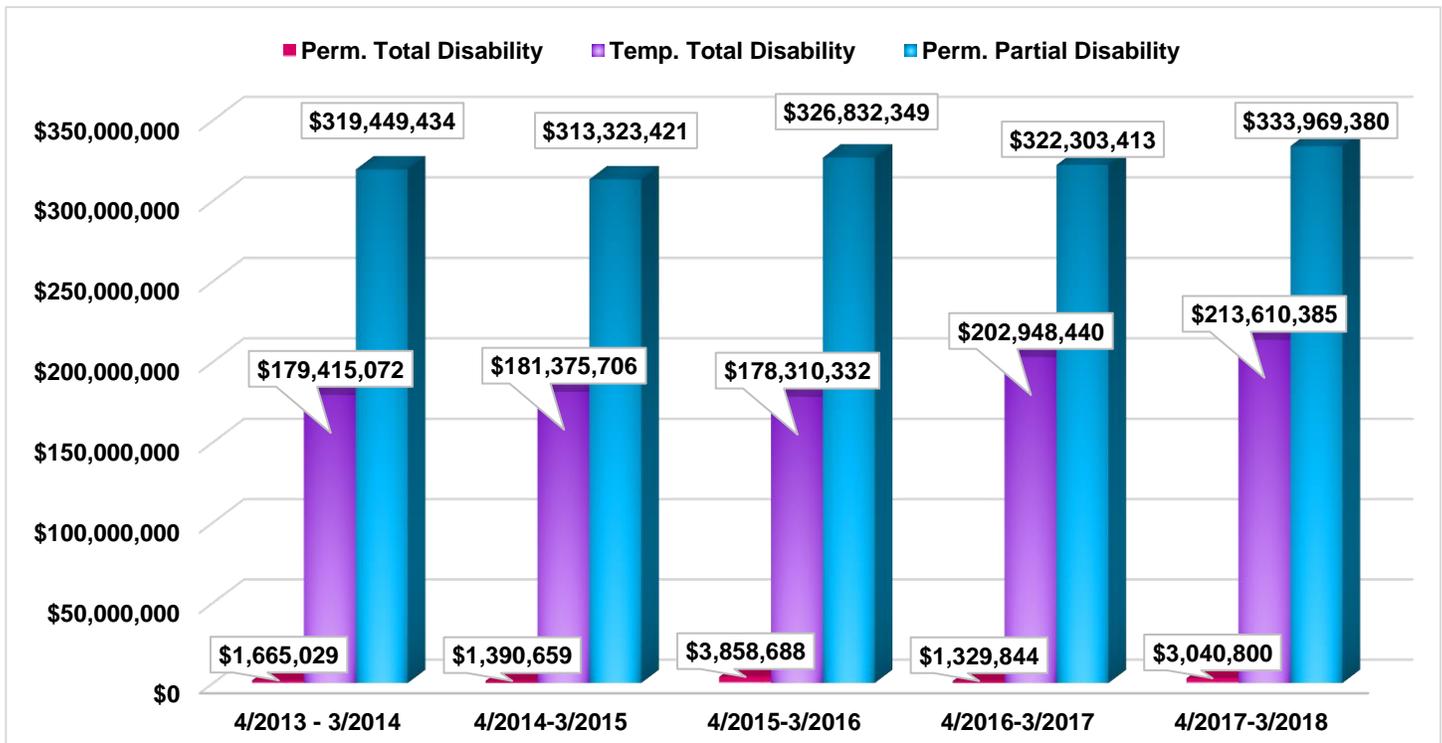
Source: NCCI

Indemnity Payments by Type of Disability

The chart and graph below illustrate the amount of indemnity payments by type of disability. Payments are reported on a policy-year basis as of a 30-month maturity. For example, a total of \$550,620,565 was paid in indemnity benefits for all policies issued between April 1, 2017 and March 31, 2018, as of September 30, 2019.

	4/2013-3/2014	4/2014-3/2015	4/2015-3/2016	4/2016-3/2017	4/2017-3/2018
Perm. Total Disability	\$1,665,029	\$1,390,659	\$3,858,688	\$1,329,844	\$3,040,800
Temp. Total Disability	\$179,415,072	\$181,375,706	\$178,310,332	\$202,948,440	\$213,610,385
Perm. Partial Disability	\$319,449,434	\$313,323,421	\$326,832,349	\$322,303,413	\$333,969,380
Totals:	\$500,529,535	\$496,089,786	\$509,001,369	\$526,581,697	\$550,620,565

Source: Data provided by NCCI



Source: Data provided by NCCI

Wage Loss Differential

The number of injured workers receiving wage loss differential awards and the average wage loss differential award payout are unavailable. Additionally, Illinois' rank nationally for maximum and minimum temporary total disability benefit level, maximum and minimum scheduled and non-scheduled permanent partial disability benefit level, maximum and minimum total disability benefit level, and the maximum and minimum death benefit level are unavailable.

Medical Benefit Payout by Hospital and Non-Hospital Providers

The following distribution is based on Service Year 2016 to 2020 data from the NCCI Medical Data Call.

Distribution of Medical Payments in Illinois					
Service	Service Year 2016	Service Year 2017	Service Year 2018	Service Year 2019	Service Year 2020
Physician	48%	46%	46%	47%	47%
Hospital	27%	28%	28%	28%	27%
DME, Supplies, and Implants	7%	8%	8%	8%	8%
Ambulatory Surgical Centers	8%	8%	9%	9%	10%
Drugs	8%	8%	7%	6%	6%
Other	2%	2%	2%	2%	2%

Source: NCCI

Aggregate Growth of Medical Utilization - Hospital and Non-Hospital

Hospital payments are those resulting from Hospital Outpatient, Hospital Inpatient, or Ambulatory Surgical Center Procedures. Non-Hospital payments are those resulting from procedures that are performed by a medical provider other than a hospital.

The charts on the following page are based on an analysis performed by NCCI on data received from the NCCI Medical Data Call for Illinois using claims with accident dates from January 1, 2020 through December 31, 2020, with the same service dates. NCCI aggregates the payments associated with each International Classification of Diseases (ICD) diagnosis codes for each claim. Any individual claim may contain multiple bills from various medical providers. Each of the medical providers may report up to two ICD diagnosis codes for each bill. The ICD code with the highest payments is then selected as the primary diagnosis code.

Top Diagnosis Codes By Amount Paid - Illinois Hospital Accident Year 2020

Rank	Primary Diagnosis Code	Share of Hospital Payments	Average Paid Per Claim	Diagnosis Code Description
1	U07.1	2.6%	\$ 24,973	COVID-19
2	S46.011A	1.6%	\$ 15,748	Strain of muscle(s) and tendon(s) of the rotator cuff of right shoulder, initial encounter
3	M54.5	1.4%	\$ 2,370	Low back pain
4	M25.511	1.4%	\$ 4,223	Pain in right shoulder
5	K40.90	1.4%	\$ 10,630	Unilateral inguinal hernia, without obstruction or gangrene, not specified as recurrent
6	S46.012A	1.3%	\$ 19,033	Strain of muscle(s) and tendon(s) of the rotator cuff of left shoulder, initial encounter
7	S06.6X9A	1.3%	\$ 137,219	Traumatic subarachnoid hemorrhage with loss of consciousness of unspecified duration, initial encounter
8	M75.121	0.9%	\$ 16,878	Complete rotator cuff tear or rupture of right shoulder, not specified as traumatic
9	S09.90XA	0.7%	\$ 2,429	Unspecified injury of head, initial encounter
10	S83.512A	0.7%	\$ 20,194	Sprain of anterior cruciate ligament of left knee, initial encounter

Source: NCCI

Top Diagnosis Codes By Amount Paid - Illinois Non-Hospital Accident Year 2020

Rank	Primary Diagnosis Code	Share of Hospital Payments	Average Paid Per Claim	Diagnosis Code Description
1	M54.5	4.70%	\$2,912	Low back pain
2	M25.511	2.70%	\$3,579	Pain in right shoulder
3	M25.512	2.20%	\$3,681	Pain in left shoulder
4	M54.2	1.80%	\$3,126	Cervicalgia
5	M54.16	1.80%	\$6,436	Radiculopathy, lumbar region
6	M25.561	1.70%	\$3,145	Pain in right knee
7	M25.562	1.60%	\$3,146	Pain in left knee
8	M75.121	1.30%	\$15,215	Complete rotator cuff tear or rupture of right shoulder, not specified as traumatic
9	M75.41	1.10%	\$10,937	Impingement syndrome of right shoulder
10	S46.011A	1.10%	\$10,412	Strain of muscle(s) and tendon(s) of the rotator cuff of right shoulder, initial encounter

Source: NCCI



<https://idoi.illinois.gov/>

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